

BUDGET & PERSONNEL COMMITTEE MEETING

A G E N D A

TOWN OF CHINCOTEAGUE

March 20, 2007 - 5:00 P.M. – Council Chambers – Municipal Center

CALL TO ORDER

AGENDA ADOPTION:

-
1. Consider Request from the Chincoteague Volunteer Fire Company for Additional Staffing of Emergency Medical Personnel
 2. Changes in Auditing Standards for Fiscal Year '07
 3. New Software Implementation Update
 4. Consider New Position Descriptions for the Public Works Department
 5. Consider New Position Description for the Police Department
 6. Consider Donation to the Island Library

PUBLIC PARTICIPATION

ADJOURN:

MEMORANDUM

TO: Budget and Personnel Committee

FROM: Robert G. Ritter, Jr., Town Manager

DATE: March 15, 2007

SUBJECT: New Auditing Standards for Fiscal Year '07

Our Auditor, Robinson, Farmer, Cox, has notified the Town that beginning with FY'07's audit new requirements have been imposed in the manner in which the Town's audit will be conducted. These new standards require the Town to accept full responsibility for complete and accurate books, financial statements, and internal controls. In the past, our auditor has completed all accounting schedules and the financial statements including adjusting entries. The new standards put the responsibility for this work on the Town. The auditor will review/audit prepared schedules and financial statements. In smaller jurisdictions such as the Town there are issues of segregation of duties, i.e. complete review of payroll documents, segregation of bank statement reconciliation from check writing, segregation of receiving money vs. invoice approval and check writing.

Currently, the Town is not in a position to prepare the schedules and financial statements. This will mean that the Town will be cited for deficiencies and weaknesses in our FY'07 audit. This could affect the Town's bond rating.

Since the end of the fiscal year is approaching fast, the Town's next step will be to sit down with the auditor and discuss our weaknesses and corrective measures. In addition, the Town will need to consider changes in responsibilities throughout current staffing and consider how we will reach the level we need to achieve. This may require hiring a Certified Public Accounting firm (other than our auditor) to prepare the schedules and financial statements.

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY



Client
Bulletin

February
2007

AICPA NEW AUDITING STANDARD SAS 112

New Auditing Standard May Affect Your Audit Report

We are issuing this bulletin to let you know about recent developments in the auditing industry that may affect you in the future. The AICPA (American Institute of Certified Public Accountants) recently issued a new auditing standard (Statement on Auditing Standards 112 {SAS 112}), which we will be required to follow as part of our audit of your financial statements beginning with the fiscal year ending June 30, 2007. For some jurisdictions no changes will be necessary to your existing operations or preparation for audit. Other localities, in order to avoid the disclosure of inadequate financial controls within the Auditor's Report on Internal Control, will have to expand the scope of their "pre-audit" preparation. It may require additional staff training, or engaging a third party contractor for assistance in preparing for the audit.

Background

SAS 112 and its interpretive guidance emphasizes that management is responsible for establishing and maintaining internal controls, including monitoring, and for the fair presentation in the financial statements of financial position, results of operations, and cash flows, including the notes to financial statements, in conformity with U.S. generally accepted accounting principles. Management is also responsible for management decisions and functions; for designating an individual with suitable skill, knowledge and experience to oversee accounting and reporting functions, any outsourced services and for evaluating the adequacy and results of those services and accepting responsibility for them.

Generally, a component of a jurisdiction's management function will review, approve, and accept responsibility for their financial statements accompanying the audit prior to their issuance; however, in many cases management does not perform nor is it capable of performing a detailed (technical) review of the financial statements. Under the new standards the absence of this control procedure is now considered a material weakness because the potential exists that a material misstatement of the financial statements could occur and not be prevented or detected by the locality's internal control. In summary, if the auditor's prepare the financial statements without sufficient review by the jurisdiction a control weakness is deemed to exist.

CHARLOTTESVILLE - RICHMOND - FREDERICKSBURG - VERONA - CHRISTIANSBURG

P.O. BOX 6580 CHARLOTTESVILLE, VIRGINIA 22906

E-MAIL: rfa@rfca.com

INTERNET: www.rfca.com

TELEPHONE: 434-973-8314

FAX: 434-974-7363

The existence of significant deficiencies or material weaknesses, such as the above, may already be known to management and may represent a conscious decision by management or those charged with governance to accept that degree of risk because of cost or other considerations. Management is responsible for making decisions concerning costs to be incurred and related benefits. We, as auditors, are responsible to communicate significant deficiencies and material weaknesses in accordance with professional standards regardless of management's decisions.

Your Locality

As a result of SAS 112 you should expect to see more citations of control deficiencies and severe deficiencies than have been reported in the past. SAS 112 lowers the threshold for conditions and practices that, heretofore were communicated verbally, must now be transmitted in writing. Responsibility for complete and accurate books and financial statements is placed squarely on your locality.

In order to provide oversight of the financial statement preparation services at an appropriate level, your locality can establish effective **Review Policies and Procedures** including the performance of the following functions:

- Reconcile general ledger amounts to the draft financial statements utilizing grouping schedules provided by us, the auditors.
- Review all supporting documentation and explanations for journal entries we propose and approve the entries.
- Review the adequacy of financial statement disclosures by completing a disclosure checklist or reviewing and approving the completed disclosure checklist we will provide to you. See <http://www:gfoa.org/forms/> (*Certificate of Achievement for Excellence in Financial Reporting -- General Purpose Checklist Questions -- General Purpose Preparer Checklist*)
- Review and approve schedules and calculations supporting amounts included in the notes to financial statements.
- Review and approve the cash flow worksheet used in preparing the statement of cash flows.
- Apply analytic procedures to the draft financial statements.
- Perform other procedures as considered necessary by management.

It has been our experience and is our observation that Virginia's localities fall within one of five categories with respect to preparation of financial statements and audit preparation. These categories are noted on the following table.

Level	Distinguishing Characteristics	Audit Opinion Implications	Possible Corrective Action
Level 1	Have Director of Finance or degreed CPA preparing financial statements Completely understands financial reporting Makes and records all audit adjustments and posts in accounting system Perform all tasks noted above in Review Policies and Procedures Prepares draft financial statements	None	None
Level 2	Have Director of Finance or degreed CPA preparing trial balance Completely understands financial reporting Makes and records all audit adjustments and posts in accounting system Does not prepare draft financial statements	None	Perform all tasks noted above in Review Policies and Procedures
Level 3	Make and record all audit adjustments and posts in accounting system Does not have comprehensive knowledge of all components of financial reporting Does not prepare draft financial statements	Internal control deficiencies will be cited Could lose designation as a "low risk" federal auditee	Hire additional staff Additional training for existing staff Hire 3rd party to provide additional work Perform all tasks noted above in Review Policies and Procedures
Level 4	Prepare accurate cash basis reports only Prepare manual list of accruals Does not prepare draft financial statements	Internal control deficiencies will be cited Could lose designation as a "low risk" federal auditee	Hire additional staff Additional training for existing staff Hire 3rd party to provide additional work Perform all tasks noted above in Review Policies and Procedures
Level 5	Prepare cash basis reports only Auditor Independence Issues - Cannot be audited until migrating to at least Level 4	Internal control deficiencies will be cited Could lose designation as a "low risk" federal auditee	Hire additional staff Additional training for existing staff Hire 3rd party to provide additional work compiling reports and accruals

The occurrence of adverse comments in the Internal Control Report should not be considered a viable or desirable long term condition for you, our client, or RFC. Such comments may have negative impact on a locality's ability to borrow and reflect poorly on the jurisdiction's management and governance. We encourage you to critically assess where your locality "falls" in the above table. A representative of RFC will contact you shortly to discuss these matters, their implication and any corrective action alternatives that may be available.

This bulletin can be viewed at: <http://www.rfca.com/resources.html>

MEMORANDUM

TO: Budget and Personnel Committee

FROM: Robert G. Ritter, Jr., Town Manager

DATE: March 15, 2007

SUBJECT: New Software Implementation Update

Harris Computers has installed several of the program which we purchased under our contract. Training has begun. Staff is working extremely hard to get the new software online. The accounting, payroll, accounts payable, water billing, and cash receipts programs have been installed. Accounts payable checks are now being written on the new software. Water bills for April will be issued using the new software. Receipts are now being entered in the new software and payroll will be run on the new software next week.

MEMORANDUM

To: Budget and Personnel Committee

From: Mike Cosby, Public Works Director

Date: March 11, 2007

Subject: Changes in Waterworks positions

Currently our Waterworks Technician position is compensated at salary grades 10-13 (step 10A is \$10.07 per hour). This position requires the possession of an appropriate license, which involves testing as well as at least six months experience. We interviewed a number of applicants last year and did not find a viable candidate. I believe that moving the salary grades to 12- 15 (step 12A is \$11.12 per hour) would help us attract candidates with greater potential for a position that demands significant study and commitment. At the starting pay rates, over the course of a year this would increase the salary and benefit costs for this position by \$2,849, not including pump duty.

I would also like to add the attached Waterworks Trainee job description to our employee handbook. Currently we use the Laborer job description, which is generic in nature, for this waterworks position. I am not proposing an increase in the number of employees but in the future I would like to use this position as on the job training for Waterworks Technicians. The new job description covers the same tasks as that of the Waterworks Technician but with reduced experience, skill and licensing requirements. The new job description will remain at the current Laborer pay rate (grades 7-9 with 7A starting at \$8.68 per hour) and the Laborer job description could still be used if it is appropriate to the situation. We are also exploring the possibilities of a Virginia Department of Labor and Industry apprenticeship program which would offer high school students the opportunity to be employed while finishing school. The new job description would fit the apprenticeship program well.

Recommendations: Send change in pay scale for Waterworks Technician to Town Council for approval.

Send addition of Waterworks Trainee position to employee handbook to Town Council for approval.

WATERWORKS TRAINEE

GENERAL DEFINITION AND CONDITIONS OF WORK:

Performs intermediate semiskilled and skilled work on a variety of construction, maintenance and repair projects and in the operation of the town water system; operates specialized equipment in connection with tasks; does related work as required. Work is performed under regular supervision.

This is heavy work requiring the exertion of 100 pounds of force occasionally, up to 50 pounds of force frequently, and up to 20 pounds of force constantly to move objects; work requires climbing, stooping, kneeling, crouching, reaching, standing, walking, pushing, pulling, lifting, and grasping; vocal communication is required for expressing or exchanging ideas by means of the spoken word; hearing is required to perceive information at normal spoken word levels, and to receive detailed information through oral communication and/or to make fine distinctions in sound; visual acuity is required for depth perception, color perception, visual inspection involving small defects and/or small parts, use of measuring devices, assembly or fabrication of parts at or within arm's length, operation of machines, operation of motor vehicles or equipment, and determining the accuracy and thoroughness of work; the worker is subject to inside and outside environmental conditions, extreme cold, extreme heat, noise, vibration, hazards, atmospheric conditions, oils, and wearing a respirator.

ESSENTIAL FUNCTIONS/TYPICAL TASKS:

Performing a variety of skilled and semiskilled tasks in the construction, maintenance and repair of public facilities such as water lines, drainways and sidewalks; performing routine tasks in the operation of the water system; operating heavy equipment.

Installs, repairs and maintains water lines; makes water taps and service connections; installs water meters; reads water meters;

Repairs drainage facilities; installs new drainage facilities;

Repairs sidewalks; picks up bulk trash and brush; pours and finishes concrete;

Chlorinates water system; takes water samples and conducts routine tests;

Tests water meters; terminates water service; investigates customer complaints;

Locates water lines under Miss Utility program;

Backwashes filters; inspects and repairs equipment;

Takes readings of water pumped into distribution system;

Sets water pumps to maintain proper flow;

Flushes, paints and maintains hydrants;

Assists with snow and ice removal;

Performs tasks associated with street, drainway, sidewalk, parks, and rights-of-way maintenance and repair work; patches asphalt, lays pipe, grades ditches, mows grass and clears rights-of-way;

Operates trucks, tractor, mower, backhoe, roller and various hand tools in performance of tasks;

Performs related tasks as required.

KNOWLEDGE, SKILLS AND ABILITIES:

Basic knowledge of the use, operation and preventative maintenance of the equipment to which assigned; Thorough knowledge of safety practices required in use of equipment and performance of tasks; ability to understand and follow oral instructions; ability to perform manual labor for extended periods, often under unfavorable weather conditions; ability to lift heavy articles; ability to establish and maintain effective working relationships with associates.

EDUCATION AND EXPERIENCE:

Any combination of education and experience equivalent to graduation from high school and some experience in performance of construction and maintenance work. Education and experience requirements may be waived if applicant is enrolled in an established apprenticeship program.

SPECIAL REQUIREMENTS:

Possession of an appropriate driver's license valid in the Commonwealth of Virginia. Possession of an appropriate Waterworks Operator license issued by the Commonwealth of Virginia within one year of initial eligibility.

OFFICE ASSISTANT/TELECOMMUNICATOR

GENERAL DEFINITION AND CONDITIONS OF WORK:

Performs intermediate clerical work in a variety of office assistance tasks requiring a qualified typist; does related work as required. Performs intermediate technical work dispatching law enforcement, fire, rescue and other equipment and personnel usually in response to emergency situations; does related work as required. Work is performed under regular supervision.

This is sedentary work requiring the exertion of up to 10 pounds of force occasionally and a negligible amount of force frequently or constantly to move objects, and some light work requiring the exertion of up to 20 pounds of force occasionally, up to 10 pounds of force frequently, and a negligible amount of force constantly to move objects; work requires stooping, reaching, fingering, grasping, and repetitive motions; vocal communication is required for expressing or exchanging ideas by means of the spoken word; hearing is required to perceive information at normal spoken word levels; visual acuity is required for preparing and analyzing written or computer data; operation of machines, and observing general surroundings and activities; the worker is not subject to adverse environmental conditions.

ESSENTIAL FUNCTIONS/TYPICAL TASKS:

Typing correspondence; receiving payments; answering telephone; greeting the public; maintaining records and files. Receiving, classifying, processing and dispatching emergency service calls utilizing E-911 and computer aided dispatch systems; receiving, recording and forwarding non-emergency service calls; preparing and maintaining computerized and other record and files. Specific duties are but not limited to:

- Make officer's court schedules
- Updating local government cable access channel
- Keeping tint meter calibrations current
- Keeping noise meter calibrations current
- Maintain office files
- Maintain supply of department forms
- Maintain office supplies
- Enter case reports from officers
- Enter traffic summons information from officers
- Enter court results
- Enter parking tickets
- Maintain record of paid & unpaid parking tickets
- Enter warning tickets
- Track & deposit boat ramp tickets money from fines & sale of stickers
- Track & deposit parking ticket money
- Maintain security check/special patrol sheet

Maintain current Officer & Dispatcher information sheet
Maintain street light survey
Maintain employee information in HERMAN (software program)
Complete monthly statistical reports on officer activity
Order supplies & equipment as requested
Prepare weekly news release
Prepare correspondence as requested
Maintain officer & dispatcher training files
Assist as requested with grant documentation
Transcribe notes from audio recordings as requested
Receive law enforcement, fire, rescue and related service requests and calls
Operate radios, telephone switchboard, alarm systems, recording devices and computer terminals
Dispatches emergency equipment and personnel where and when needed
Receives complaints in person or by phone
Receives and transmits messages by radio and maintains radio log
Operates teletype machine and tele-computer terminals on VCIN/NCIC Networks
Takes telephone calls concerning complaints, passes information on to appropriate units and makes record of calls
Types and files reports and records
Assist with training new employees
Works varying shifts and flexible schedules
Performs related tasks as required

KNOWLEDGE, SKILLS AND ABILITIES:

General knowledge of standard office practices, procedures and office assistance techniques; some knowledge of business English, spelling and arithmetic; ability to make accurate arithmetic calculations; ability to type accurately and at a reasonable rate of speed; ability to establish and maintain effective working relationships with associates and the general public; ability to follow oral and written instructions; skill in the operation of standard office and word processing equipment. General knowledge of the methods of operating the communications system; general knowledge of radio and teletype procedures; general knowledge of the geography of the Town and location of important buildings.

EDUCATION AND EXPERIENCE:

Any combination of education and experience equivalent to graduation from high school and some clerical experience.

SPECIAL REQUIREMENTS:

Possession of or ability to obtain DCJS, VCIN/NCIC and CPR certifications within one (1) year of employment.